

STATEMENT OF ARTHUR BERNSTEIN
BEFORE THE DC CITY COUNCIL
ON FUNDING OF THE PROPOSED BASEBALL STADIUM
December 13, 2005

My name is Arthur Bernstein. I was a partner in the Washington Baseball Group, which was established in the Spring of 1999 to acquire the Montreal Expos and bring them to Washington. We were the first group actively to pursue the Expos on behalf of the District. I was also Executive Director of United Sports Fans of America, a fan advocacy group which had a membership of a half million fans, and as such I spoke at a number of forums on stadium funding issues.

I have been a continuous supporter of the DC effort to acquire the Expos. I am here today because I believe it is of great importance that the new ownership of the Nationals participate significantly in the funding of the proposed stadium from the outset, particularly in light of the substantially increased cost of the stadium over the District's commitment, and that the ownership be responsible for any cost overruns. I further believe that it is most important that the owners be headquartered in the District, and committed to open bidding for all aspects of stadium construction, operation and concessions, and to meaningful use of local and minority firms.

As to the financing of the stadium, with few exceptions stadiums built over the past ten-fifteen years for all sports have included substantial participation of team ownership. Frequently funding has been 1/3 state, 1/3 locality and 1/3 ownership; on occasion almost fully by ownership, and only most rarely predominantly by locality. The District has offered one of, if not the most generous funding proposal ever, and this Council has properly determined that no greater contribution should be made. Since it is now clear that the stadium will cost at least \$100 million more than DC's \$535 million

pledge, my view is that the missing dollars should come from ownership—and up front. That is, ownership should fund the first \$100 million of stadium construction expenses. Similarly I believe any cost overruns should be borne by ownership. These financial commitments to the community are appropriate, and I suggest necessary if the stadium, as contemplated and not in some stripped-down version, is to be completed without future funding issues arising. Moreover, such a financial commitment will further assure that ownership will not be inclined to move the franchise at some future date. Finally, as stated this participation is in line with stadium funding elsewhere over many years. No baseball stadium has cost what is here contemplated. If the stadium is worth the investment, then ownership will profit substantially, and should share in the costs accordingly.

The obvious reason for ownership to be headquartered in the District is to create a loyalty and attachment here—the District's thirty-year wait for a team and history of team departures justify such a requirement. Moreover, insistence upon fair and open bidding—especially in light of recently discovered questionable contracting practices here—is especially appropriate.

Of equal importance, in light of the major commitment of DC taxpayer dollars involved—and because of the District's substantial minority population and its available local businesses—is the requirement that a significant portion of the work generated by construction and operation of the stadium, including concessions, be awarded to local and minority businesses. The financial benefits that will flow from this highly visible and costly project should substantially find their way into the local economy.